

**EIGHTY-FOURTH GENERAL ASSEMBLY
2012 REGULAR SESSION
DAILY
HOUSE CLIP SHEET**

FEBRUARY 2, 2012

SENATE FILE 93

H-8003

1 Amend Senate File 93, as passed by the Senate, as
2 follows:
3 1. Page 2, after line 25 by inserting:
4 <Sec. _____. DEPARTMENT OF JUSTICE --
5 APPROPRIATION. There is appropriated from the general
6 fund of the state to the department of justice for the
7 fiscal year beginning July 1, 2012, and ending June 30,
8 2013, the following amount, or so much thereof as is
9 necessary, to be used for the purposes designated:
10 For victim assistance grants:
11 \$ 366,000
12 In addition to any other appropriation, the funds
13 appropriated in this section shall be used to provide
14 grants to care providers providing services to crime
15 victims of domestic abuse.>
16 2. Title page, line 2, after <cases> by inserting
17 <, making related appropriations,>

By WOLFE of Clinton

H-8003 FILED FEBRUARY 1, 2012



HF 2103 – Unemployment Tax Rate, New Employers (LSB 5346HV)
Analyst: Kenneth Ohms (Phone: (515)725-2200) (kenneth.ohms@legis.state.ia.us)
Fiscal Note Version – New
Requested by Representative Patrick Murphy

Description

[House File 2103](#) decreases the period during which new construction and new nonconstruction employers are subject to the contribution rate for new employers for unemployment insurance from three years to one year.

Background

The Iowa Unemployment Compensation Trust Fund is established within the Treasury of the United States and contains the deposits from state and federal unemployment taxes. State unemployment compensation tax is collected by Iowa Workforce Development (IWD) and deposited to a State fund before being transferred to a federal account outside the state accounting system. The current method for assessing an employer's state tax rate was created by the General Assembly in the 1987 Legislative Session (SF 507 Benefit Ratio Unemployment Compensation Contribution Array System Act).

Under this system, the past five-year average of benefits paid are compared to the five-year average taxable wage base to produce a benefit ratio. All eligible employers are then ranked in relation to their respective benefit ratios from lowest to highest and the list is divided into 21 ranks, each containing approximately 4.8% of the total taxable wages reported by the employers.

Two groups of employers are excluded and taxed separately. New nonconstruction employers are charged rank 12 on the contribution table, but not less than 1.0%. New construction employers are charged rank 21. Once employees build up three years of experience and establish a history of benefit payments, they become eligible for the Benefit Ratio system. An estimated 13,000 employers will be enrolled at the new employer rate for calendar year 2012.

For more information on how Iowa's Unemployment Compensation Trust Fund works, please see the [Fiscal Topic: Iowa's Unemployment Compensation Trust Fund](#).

Assumptions

The following assumptions were used:

- The IWD will require a one-time expense of \$10,000 for an Information Technology contractor.
- An estimated taxable wage base of \$24.2 billion and the current benefit ratio data for employers for rate year 2012.
- The mathematical formula to calculate and select a rate table will not change.

Fiscal Impact

There is no impact on the General Fund.

Using three years as the amount of time an employer is automatically assigned a tax rank as a new employer, primarily in the construction industry at the highest rank, these employers pay approximately \$5.4 million into the Trust Fund. With the amount of time for the automatically assigned tax rank decreasing to one year, other employers with higher benefit ratios will shift to

higher rates and pay an estimated \$2.7 million more, while the newer construction employers will fall to some of the lowest ranks. The decrease in the amount of time that a new employer stays on the assigned rate, rather than the experienced rate, will lead to an overall decrease of \$2.7 million collected by the Trust Fund in the current tax table.

Using the same wage base and benefit ratio data for employers, the change would have the projected impact on the rate tables in the following manner:

Rate Table	Average Contribution Rate	Estimated Contributions Current Law	Estimated Contributions HF 2103	Estimated Effect of HF 2103
1	3.50%	\$ 847,000,000	\$ 842,940,000	\$ -4,060,000
2	3.20%	774,400,000	771,600,000	-2,800,000
3	2.80%	677,600,000	675,310,000	-2,290,000
4*	2.40%	580,800,000	578,100,000	-2,700,000
5	2.00%	484,000,000	481,270,000	-2,730,000
6	1.60%	387,200,000	383,560,000	-3,640,000
7	1.20%	290,400,000	285,080,000	-5,320,000
8	0.90%	217,800,000	211,110,000	-6,690,000

*Current Rate Table in use for calendar year 2012.

Rate Table 8 was used from 1995-1999 and Rate Table 1 was used from 1984-1987.

However, the rate table selection formula remains unchanged and will still select the Rate Table that would generate the estimated amount of contributions necessary for the Trust Fund to meet estimated demand. The following are possible scenarios that impact Rate Table selection:

- When the Trust Fund balance goes up, the tax rates go down.
- When the prior year wages go up, the tax rates go down.
- When the total wages paid in the high year goes up, the tax rates go down.
- When the total benefits paid for the highest year goes up, the tax rates go up.

Current projections by the IWD show the paid benefits trending downward by 10.0% in calendar year 2012, remaining constant through calendar year 2013, and trending upward by 10.0% in calendar year 2014 due to covered employment wage growth. These projections also assume wage and covered employment growth. If this bears out, the Trust Fund balance would continue increasing, with the Rate Tables decreasing, and could be projected in the manner below.

Fund Balance (\$ in Millions)							
Rate Table	Calendar Year	Current Law		Estimated Effect of HF 2103			
		Deposits	Fund Balance	Deposits	Fund Balance	Deposit Difference	Fund Change
3	2011	\$ 657.50	\$ 494.90	\$ 657.50	\$ 494.90	\$ 0.00	\$ 0.00
4	2012 p	599.40	683.80	599.40	683.80	0.00	0.00
5	2013 p	517.00	801.90	514.30	799.20	-2.70	-2.70
6	2014 p	431.50	793.90	428.80	788.50	-2.70	-5.40

p: Preliminary estimates

However, if more unemployment benefits were claimed than the contributions coming in or wage and employment growth stagnated, then the Rate Tables could remain constant or go up depending on the projected need of the Fund.

Governmental entities have their own array tax system and would not be affected by this bill.

The costs associated with the Information Technology Contractor would be paid by the Trust Fund from the amount allowed for administration.

Source

Iowa Workforce Development

/s/ Holly M. Lyons

January 31, 2012

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to [Iowa Code section 2.56](#). Data used in developing this fiscal note, is available from the Fiscal Services Division of the Legislative Services Agency upon request.



HF 2104 – Unemployment History Factor (LSB 5344HV)

Analyst: Kenneth Ohms (Phone: (515)725-2200) (kenneth.ohms@legis.state.ia.us)

Fiscal Note Version – New

Requested by Representative Patrick Murphy

Description

[House File 2104](#) decreases the years of experience used to calculate the benefit ratio for an employer's contribution rate for unemployment insurance from five years to three years.

Background

The Iowa Unemployment Compensation Trust Fund is established within the Treasury of the United States and contains the deposits from State and federal unemployment taxes. State unemployment compensation tax is collected by Iowa Workforce Development (IWD) and deposited to a State fund before being transferred to a federal account outside the State accounting system. The current method for assessing an employer's State tax rate was created by the General Assembly in the 1987 Legislative Session (SF 507 Benefit Ratio Unemployment Compensation Contribution Array System Act).

Under this system, the past five-year average of benefits paid are compared to the five-year average taxable wage base to produce a benefit ratio. All eligible employers are then ranked in relation to their respective benefit ratios from lowest to highest and the list is divided into 21 ranks, each containing approximately 4.8% of the total taxable wages reported by the employers. An estimated 59,000 employers are eligible for the benefit ratio system in calendar year 2012.

For more information on how Iowa's Unemployment Compensation Trust Fund works, please see the [Fiscal Topic: Iowa's Unemployment Compensation Trust Fund](#).

Assumptions

The following assumptions were used:

- The IWD will require a one-time expense of \$10,000 for an Information Technology contractor for programing.
- An estimated taxable wage base of \$24.2 billion and the current benefit ratio data for employers for rate year 2012.
- The mathematical formula to calculate and select the rate table will not change.

Fiscal Impact

There is no impact to the General Fund.

With the decrease in the number of years used in the calculations for chargeable benefits, an employer will have a smaller base in the benefit ratio calculation in the event that a one-time experience caused more chargeable benefits, and placed them in a higher tax rate rank. However, less time would be required to elapse before the one-time experience falls off of the employer's record, allowing them to go down the tax rate table ranks more quickly.

Because employers are more likely to have three years of no benefit charges compared to five, the higher tax rate tables (1-5) will have \$500,000 less in revenue power. Using the same wage

base and benefit ratio data for employers, the change would have the projected impact on the rate tables in the following manner:

Rate Table	Average Contribution Rate	Estimated Contributions Current Law	Estimated Contributions HF 2104	Estimated Effect of HF 2104
1	3.50%	\$ 847,000,000	\$ 846,500,000	\$ -500,000
2	3.20%	774,400,000	773,900,000	-500,000
3	2.80%	677,600,000	677,100,000	-500,000
4*	2.40%	580,800,000	580,300,000	-500,000
5	2.00%	484,000,000	483,500,000	-500,000
6	1.60%	387,200,000	387,200,000	0
7	1.20%	290,400,000	290,400,000	0
8	0.90%	217,800,000	217,800,000	0

*Current Rate Table in use for calendar year 2012.

However, the rate table selection formula remains unchanged and would still select the Rate Table that would generate the estimated amount of contributions necessary for the Trust Fund to meet estimated demand. The following are possible scenarios that impact Rate Table selection:

- When the Trust Fund balance goes up, the tax rates go down.
- When the prior year wages go up, the tax rates go down.
- When the total wages paid in the high year goes up, the tax rates go down.
- When the total benefits paid for the highest year goes up, the tax rates go up.

Current projections by the IWD show the paid benefits trending downward by 10.0% in calendar year 2012, remaining constant through calendar year 2013, and trending upward by 10.0% in calendar year 2014 due to covered employment wage growth. These projections also assume wage and covered employment growth. If this bears out, the Trust Fund balance would continue increasing, with the Rate Tables decreasing, and could be projected in the manner below.

Fund Balance (\$ in millions)							
Rate Table	Calendar Year	Current Law		Estimate Effect HF 2104			
		Deposits	Fund Balance	Deposits	Fund Balance	Deposits Difference	Fund Change
3	2011	\$ 657.50	\$ 494.90	\$ 657.50	\$ 494.90	\$ 0.00	\$ 0.00
4	2012 p	599.40	683.80	599.40	683.80	0.00	0.00
5	2013 p	517.00	801.90	516.50	801.40	-0.50	-0.50
6	2014 p	431.50	793.90	431.50	793.40	0.00	-0.50

p: Preliminary estimates

However, if more unemployment benefits were claimed than the contributions coming in or wage and employment growth stagnated, then the Rate Tables could remain constant or go up depending on the projected need of the Fund.

Governmental entities have their own array tax system and would not be affected by this bill.

The costs associated with the Information Technology Contractor would be paid by the Trust Fund from the amount allowed for administration.

Source

Iowa Workforce Development

/s/ Holly M. Lyons

January 31, 2012

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to [Iowa Code section 2.56](#). Data used in developing this fiscal note, is available from the Fiscal Services Division of the Legislative Services Agency upon request.



HF 2048 – Motor Vehicle Traffic Cameras, State Ban (LSB 5038YH)

Analyst: Estelle Montgomery (Phone: 515-725-2261) (estelle.montgomery@legis.state.ia.us)

Fiscal Note Version – New

Requested by Representative Walt Rogers

Description

House File 2048 prohibits the use of Automated Traffic Enforcement (ATE) systems in Iowa. The Bill defines ATE systems as devices with one or more sensors that work in conjunction with a traffic control signal or device or a speed-measuring device to produce recorded images of vehicles being operated in violation of traffic or speed laws. Further, the Bill requires local authorities with ATE systems in use to suspend operations on or before the effective date of this bill and remove all ATE systems by July 1, 2012. However, all notices of violations mailed or citations issued prior to suspension are not invalidated and subject to full processing according to the law.

Background

According to the National Conference of State Legislatures, more than 400 U.S. communities use red-light cameras and more than 40 communities use cameras to enforce speed laws. Currently, there are seven cities in Iowa that have ATE systems in use. These cities are Cedar Rapids, Clive, Council Bluffs, Davenport, Des Moines, Muscatine, and Sioux City. Each city has selected monitoring locations based on crash and safety data and history for red-light intersections and speed enforcement. In a response to a League of Cities survey, the cities indicated decreases in red-light crashes at intersections with ATE cameras, reduced crashes citywide, as well as reduced injuries resulting from crashes.

The ATE vendors are responsible for equipment installation, ownership, and ongoing maintenance. Revenues from the cameras are deposited in the general fund of each city. The ATE vendors retain a portion of the revenues for providing the services and equipment for the cameras. The amounts depend on the specific contracts between the vendors and the cities. Each city pays for personnel and any legal costs associated with the ATE program, as well as other overhead costs of running the ATE program. In a League of Cities survey, cities reported that ATE program revenues support various public safety and traffic improvement initiatives including portable radar detectors, public awareness initiatives, public safety staffing/resources, public safety technologic improvements, trucks for traffic signage and repair, portable traffic signals, and special traffic cones.

Current Situation-Statistics

2011 ATE System Violations*						
City	Cedar Rapids	Clive	Council Bluffs	Des Moines**	Muscatine	Sioux City
Red-light	3,199	14,263	17,174	Unavailable	1,927	9,178
Speeding	99,760	n/a	n/a	Unavailable	17,828	8,619

*According to the League of Cities survey of cities using ATE systems.

**The Des Moines ATE system program has not yet completed a calendar year.

At the State level, for traffic sign or signal violations under Iowa Code section [321.256](#), there is a \$100 fine in accordance with Iowa Code section [805.8A](#)(8).

2011 Fees Associated with Violations for Cities Using ATE Systems*			
City	Red-light violation	Speeding violation	Vendor fee
Cedar Rapids	\$100	Tiered: 12-20mph over at \$75, 21-25 at \$100, 26-30mph at \$250, 31+mph at \$500; majority of fines are at \$75	Flat fee of \$30 per violation.
Clive	\$100	n/a	Tiered: ranging from \$28 to \$48 per violation.
Council Bluffs	\$107.25	n/a	Tiered: \$33 to \$49 per violation.
Davenport	\$65	Tiered: 12-20mph over at \$65, 21-25mph at \$85, 26-30mph at \$95, 31-35mph \$110, 36-40mph at \$112, 41+mph at \$150	<i>Vendor fee information not provided.</i>
Des Moines	\$65	Tiered: 1-15mph over at \$65, 16-20pmh at \$75, and 21+mph at \$80 plus \$2 per mph over 80 mph	Flat fee of \$25 per violation.
Muscatine	\$75	Tiered: \$75 to \$350 for violators 31+ mph over the limit	Flat fee of \$27 per speeding or red light violation.
Sioux City	\$100	\$100	\$2,500 per month per approach plus \$17.50 per paid red light violation. In addition, \$20 to \$25 per speeding violation.

*According to the League of Cities survey of cities using ATE systems.

Assumptions

- Cities will have the same number of red-light violations in 2012 as in 2011.
- Cities and vendors will retain revenues at the same percentages as before.
- All violations provide revenue from the fines levied without reduction for violations that may be appealed or dismissed.
- Revenue calculations are solely based on the number of violations and fee per violation and do not reflect any variations in earnings. This assumes that all violators pay the fines. In actuality, not all do pay. Roughly 15-25.0% of violations issued go unpaid. In the case of an unpaid ticket, the ATE vendor does not receive revenue.
- Calculations do not include criminal penalty surcharges (35.0% of the fine per Iowa Code section [911.1](#)) or civil court fees.
- Fines are tracked by administrators.

Summary of Impacts

There is no fiscal impact to the State's General Fund or the Road Use Tax Fund (RUTF).

Local Fiscal Impacts

Local revenues in all eight cities that have ATE systems might be affected by the elimination of fees for violations caught by red-light and speed enforcement cameras. According to a League of Cities survey, potential revenue loss is estimated at \$7.5 million for all seven cities* each year and \$4.4 million would be collected by the vendors.

**The Des Moines program has not yet completed a calendar year and is not included in this amount.*

It is unknown if the specifics of the contracts between the cities and the vendors might affect these decreases further.

Sources

League of Cities (Survey of Cities w/ATEs)
League of Cities Cityscape Newsletter
Department of Transportation
Department of Public Safety
National Conference of State Legislatures

/s/ Holly M. Lyons

February 1, 2012

The fiscal note for this bill was prepared pursuant to **Joint Rule 17** and the correctional and minority impact statements were prepared pursuant to **Iowa Code section [2.56](#)**. Data used in developing this fiscal note, is available from the Fiscal Services Division of the Legislative Services Agency upon request.
